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SUBJECT: ARGENTINA'S 2008 EPHEDRINE BUBBLE MAY BE POPPED,
BUT COCAINE STILL MOVING

REF: A. 2008 BUENOS AIRES 1571
[B](#). 2008 BUENOS AIRES 1478
[C](#). 2008 ASUNCION 702

[1](#)1. (SBU) Summary: The legal entry into Argentina of ephedrine bound for illicit uses appears to have slowed substantially by late 2008 following government decrees to sharply limit permitted trade in the chemical, though law enforcement continues to pursue up to eight metric tons of excess ephedrine still thought to be in the country. On December 4, 2008, the GOA issued a decree setting up an inter-agency committee to regulate ephedrine and other precursor chemical imports. A September decree had already prohibited the importation of ephedrine by pharmacies and other retailers. Argentine law enforcement continues to investigate ephedrine trafficking and the related "triple homicide" of early August 2008, with the Minister of Justice and the head of the Drug Policy Secretariat trading blame for the spike in ephedrine last year. GOA officials are also increasingly concerned about new aerial cocaine trafficking routes from Bolivia and Paraguay into northern Argentina. As a GOA proposal to decriminalize personal possession of narcotics heads toward Congressional consideration, the Supreme Court is expected to decide in February the case of an individual detained for two days by police for minor drug possession, with indications that the Court will rule the detention inappropriate. End Summary.

Ephedrine: Officials Battle Traffic and Each Other

[1](#)2. (SBU) Argentina law enforcement and judicial officials continue to investigate individuals linked to a booming ephedrine trade in 2008. Minister of Justice Anibal Fernandez has acknowledged that 11.5 metric tons of ephedrine entered Argentina in 2008 for no apparent legitimate purpose, and law enforcement continues to seek up to 8 metric tons thought to be in the country. Prosecutors and the press have focused on the sudden ostentatious wealth of a few suspects in the trade, including some linked to Mexican trafficker Jesus Martinez Espinoza, arrested in Paraguay on October 4 (ref c). Revelations also continue from the August "triple homicide" executions of three individuals, including one pharmacist, Sebastian Forza, with links to illicit ephedrine and also to the 2007 electoral campaign of President Cristina

Fernandez de Kirchner (to which he contributed). Rounding out the sensational stories of crime related to ephedrine, Federal Judge Federico Faggionato Marquez reported that he had received threats and was likely the target of a bomb planted at one of his properties on December 18 and detonated without injury by the police.

13. (SBU) As reported in refs A and B, different Argentine authorities have cast recriminations at each other over the 2008 ephedrine bubble. Minister Fernandez has suggested that the Secretariat of Planning for the Prevention of Drug Abuse and Drug Trafficking (Sedronar) failed to exercise control over the imports, in part because as an executive branch agency with limited resources it was incapable of doing so. Monica Cunaro, a prosecutor at the head of a scientific panel analyzing drug policy established by Minister Fernandez, has lambasted Sedronar for its record of approving suspect ephedrine imports and for weak controls over seized drugs. Officials at Sedronar had argued previously that Minister Fernandez had been slow to approve the draft decrees needed to give them the authority to reject suspect imports. Prior to the decrees, they said, they could only approve import requests by legally registered businesses, whether the ephedrine import made sense or not. Sedronar head Granero has also said publicly that Fernandez and Cunaro want him fired.

14. (SBU) A December 4 decree establishing interagency control over ephedrine imports by Sedronar, the Ministry of Health, and the Ministry of Justice was thus promulgated in an environment in which effective cooperation between the agencies might be difficult. Fortunately, a September 17, 2008 decree banning ephedrine imports by pharmacies and other retailers appears to have largely halted the easy import of ephedrine into Argentina, perhaps forestalling the emergence of a permanent trafficking route through Argentina to Mexico and the U.S.

15. (SBU) The Argentine public continues to follow ephedrine closely, particularly the investigation into the August 2008 "triple homicide." On January 1, detained Argentine Luis Tarzia, who was alleged to have been a link between the Argentine pharmaceutical importers and Mexican traffickers, died of apparent heart disease in police custody. Although no foul play has been seriously alleged, this is the second witness in the triple homicide to have died (the first was deemed a suicide in August when the associate of triple homicide victim Sebastian Forza fell from his apartment balcony).

The Curious Case of the Hidden Coke

16. (SBU) The issue of Sedronar's control of decommissioned materials became tabloid fodder in December when stories broke that Sedronar was being investigated over the discovery by a garage mechanic of 8 kilos of cocaine hidden in the engine block and under the seat of a small truck it was operating, a truck seized in 2007 from a drug bust by Santa Fe provincial police. Newspaper "Critica" went on to dissect Sedronar Secretary Granero's suggestion that the cocaine might have been left undiscovered from the 2007 bust, quoting Santa Fe police officials assurances that they would have looked everywhere in the truck after discovering the first 26 kilos. Critica also insisted that the cocaine found in 2008 appeared to be packaged differently from that of the 2007 bust.

17. (SBU) Minister Fernandez came forward on the record to say he doubted any Sedronar officials were engaged in any illicit traffic in the cocaine, and, separately, a Ministry of Foreign Affairs official involved in counter-narcotics told poloff in mid-December that he did not find it credible that Sedronar officials would have knowingly taken a vehicle with hidden drugs to a mechanic. That said, he could not quite piece together a story about the cocaine that made sense. Others have suggested the drugs were a plant to discredit Granero and Sedronar. In the meantime, a federal judge is

investigating the case.

New Cocaine Threats

¶18. (SBU) In the midst of close press attention over the growth of illicit ephedrine trade in 2008, Argentine authorities have also expressed concerns about evidence of an increase in cocaine trafficking from the Andean countries through Argentina to Europe. In a briefing to Embassy officials on December 18, senior Gendarmeria officials said they were concerned over increasing use by traffickers of light aircraft to bring cocaine across Argentina's northern borders to remote landing strips. Limited radar coverage and surveillance capability, they said, meant that Argentina had several large blind spots in its northern provinces, particularly a large swath spreading out from the borders of Santiago del Estero, Chaco and Santa Fe provinces. One NGO, the Argentine Antidrug Association, was quoted on January 4 in newspaper "Perfil" saying that there were up to 1500 clandestine landing strips in Argentina's northwest, up 50 percent from 2006, and that 120 flights per day were landing in Argentina carrying drugs, accounting for 80 percent of the cocaine traffic in the country. These figures appear speculative, but they may reflect a real increase in exploitation by narcotics traffickers. Overall, cocaine and marijuana seizures were up in Argentina in 2008 over 2007.

¶19. (SBU) Although acknowledging the threat of increased cocaine traffic, and even that this might increase with Bolivia's expulsion of the DEA, Argentine officials are less willing to admit the presence of organized cartels managing the trade or cocaine production in the country. Fernandez in particular has disputed the idea that cartels are operating in the country. Still, newspaper of record "La Nacion," used a December 30 editorial to label 2008 the "year of organized crime" in Argentina, raising concerns both about the drug trade, rising violence, and also the recently approved legislation allowing for the repatriation of offshore money without detailing its provenance. "La Nacion" worried that the move signaled a growing convergence of political and criminal interests in Argentina.

Decriminalization Advances

¶10. (SBU) GOA officials continue to advocate the idea of de-penalizing personal possession of narcotics, including marijuana and cocaine. The proposal, advanced at several points in 2008 (ref A), has the backing of President Cristina Fernandez de Kirchner, who argued that the Argentine Government needed to redirect resources toward pursuing trafficking and treating personal users. The proposal was advanced in the scientific panel headed by public prosecutor Monica Cunaro and backed by Fernandez. Granero, several opposition legislators, catholic church officials and provincial officials from many regions have raised concerns about the proposal and the connection of drug use to crime increases: the top concern of the Argentine public according to recent polls. Although Congress is beginning to seriously discuss how such a law might be structured, there is not yet a single government proposal for legislation.

¶11. (SBU) A Supreme Court ruling is expected as early as February 2009 in a case brought by an individual detained for two nights by the police for possession of marijuana cigarettes. The Court will consider whether police detention for minor possession violated the citizen's right to privacy under the Constitution. One Justice, Carmen Argibay, told the press that she supported the decriminalization effort and thought that a majority of the court would do so and other press reports say a majority of the court favor non-criminalization of possession of small amounts for personal use. Legal authorities are reportedly concerned that a judicial ruling disallowing detention for minor possession will cause legal confusion until the law is

amended to better define penalties - or depenalizing - such possession.

Comment

¶12. (SBU) Unlike other bubbles popped in 2008, ephedrine of course does not lack for demand even now. By tightening up import requirements, however, Argentina may have done enough to prevent its emergence as a long-term trafficking route for the chemical. Addressing continued cocaine traffic through the country will not be so simple. Decriminalization of personal possession would probably not change much the law enforcement dynamic for pursuing and prosecuting cocaine trafficking, but its effect on personal consumption in Argentina absent more extensive public awareness and treatment efforts may well be less than salutary.

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